



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20543

November 3, 2004

RQ-2

Mary Maloney, Treasurer
Iowa Democratic Party
5661 Fleur Drive
Des Moines, IA 50321

Response Due Date:
December 3, 2004

Identification Number: C00035600

Reference: June Monthly Report (5/1/04-5/31/04)

Dear Ms. Maloney:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** An itemization of the information needed follows:

-Schedule A of your report (see attached) discloses one or more contributions from an organization(s), which is not a political committee registered with the Commission. In order for your committee to accept contributions from unregistered organizations into accounts used to influence federal elections, your committee should take steps to insure that the contributor(s) used permissible funds to make the contribution(s) to avoid violating 2 U.S.C. §§441a(f) and 441b or 11 CFR §102.5(b). Under 11 CFR §102.5(b), organizations which are not political committees under the Act and choose to contribute to federal committees must either: 1) establish a separate account which contains only those funds permitted under the Act, or 2) demonstrate through a reasonable accounting method that the organization has received sufficient funds subject to the limitations and prohibitions in order to make the contribution.

If any apparently prohibited contribution in question was incompletely or incorrectly disclosed, you should amend your original report with clarifying information. In addition, please clarify whether the contribution(s) received from the referenced organization(s) is permissible.

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To the extent that your committee has received prohibited funds, you may have to make a refund. If within 30 days of receipt you (1) transferred the prohibited amount to an account not used to influence federal elections, and (2) provided written notice to the person making the contribution of the option of receiving a refund, you may retain the contribution in an account not used to influence federal elections. Any request from a donor for a refund must be honored.

If the foregoing conditions for transfers to a non-federal account were not met within 30 days of receipt, the prohibited amount must be refunded. See 11 CFR §103.3(b)(1).

Please inform the Commission of your corrective action immediately in writing and provide a photocopy of your check for any transfer-out or refund. Should you choose to transfer-out or refund the contribution(s), the Commission will presume the funds were impermissible if no statement from your committee provides information to the contrary. Transfers-out and refunds should be disclosed on a Schedule B supporting Line 22 or 28 of the report covering the period during which the transaction was made.

Although the Commission may take further legal action concerning the acceptance of prohibited contributions, prompt action by your committee in transferring-out or refunding the amounts will be taken into consideration.

-Schedule A of your report discloses a receipt(s) from the "Iowa Democratic Party". Please clarify whether this receipt(s) is from an account maintained by your committee for non-federal activity. If so, be advised that such a receipt(s) is prohibited by 11 CFR §102.5(a)(1)(i) and the full amount of the receipt(s) should be returned to the non-federal account. Please inform the Commission of your corrective action immediately in writing and provide a photocopy of your check for the transfer-out. In addition, the transfer-out should be disclosed on Schedule B supporting Line 22 of your next report.

If this transaction represents an "internal transfer" of funds from one federal account to another, and the source(s) of such funds has been identified in previous reports of receipts and disbursements, please note that such transfers should not be itemized as doing so inflates total receipts and cash on hand. If this is the case, please amend your report accordingly.

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Although the Commission may take further legal action regarding the acceptance of funds from a non-federal account, your prompt transfer-out of the impermissible funds or clarification of the transaction, will be taken into consideration.

-Your report discloses receipts totaling \$15,000 from Dollars for Democrats, which is a joint fundraising committee(s) affiliated with your committee. Please be advised that a memo Schedule A must be provided to itemize your committee's share of the gross contributions received through the joint fundraiser(s). The memo schedule should itemize each individual who has contributed an aggregate in excess of \$200 during the calendar year, and provide the amount of unitemized contributions received. In addition, the memo schedule should itemize your committee's share of all contributions from political committees, regardless of amount. Please amend your report by providing the omitted memo schedule(s). 11 CFR §102.17(c)(8)(i)(B)

-Schedule A supporting Line 11(a)(i) of your report discloses receipts identified as "Individual, Unitemized." Please be advised that federal regulations require the itemization of all contributions from individuals/persons that aggregate greater than \$200 in the calendar year. **Contributions from individuals/persons that aggregate \$200 or less need only be disclosed on Line 11(a)(ii) of the Detailed Summary Page.**

Please clarify whether the figure disclosed on Schedule A includes any receipts that aggregate greater than \$200 from an individual/person in the calendar year. If this is the case, please amend your report by itemizing the receipts on Schedule A. 11 CFR §104.3(a)(2)

-Your report does not disclose any payments for salary or wages on Schedule B supporting Line 30(b) of the Detailed Summary Page. 11 CFR §100.24 defines as Federal Election Activity, services provided by an employee of a State, district or local party committee who spends more than 25 percent of their time during that month on activities in connection with a Federal election. You are advised that payments for salaries and wages for employees who spend more than 25 percent of their compensated time in a given month on Federal Election Activity or activities in connection with a Federal election must be made with Federal funds only. Please provide clarification regarding the lack of payments for salary and wages disclosed by your committee.

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-On Schedule H4 of your report, you have failed to include the purposes for almost all of the disbursements for administrative activities. All payments for administrative activities must include both an activity or event identifier and the purpose of the disbursement. Please amend your report to include the missing information.

-Your report discloses limited payments for administrative expenses. Administrative expenses are payments made for the purpose of operating a political committee including, but not limited to, rent, utilities, salaries, telephone service, office equipment and supplies. Each state, district or local party committee utilizing separate federal and non-federal accounts is required to allocate any administrative expenses (excluding salary) between the accounts according to a fixed percentage selected on FEC Schedule H1. A Schedule H1 must be filed with the first FEC FORM 3X filed at the beginning of each calendar year. Payments for salary and wages for employees who spend more than 25% of their compensated time on Federal election activities or on activities in connection with a Federal election must be made from a federal account and disclosed on a Schedule B supporting Line 30(b) of the Detailed Summary Page. 11 CFR §106.7

Any goods or services provided to your committee by a person, except volunteer activity (i.e., a person's time), would be considered an in-kind contribution from that person, and would be subject to the disclosure requirements of 2 U.S.C. §434(b)(3) and 11 CFR §104.13, and the limitations and prohibitions of 2 U.S.C. §§441a and 441b.

Clarification regarding administrative expenses should be provided during each two year election cycle beginning with the first report filed in the non-election year. Please provide the necessary information regarding administrative expenses incurred by your committee and/or amend your report to disclose such expenses according to the referenced provisions of the Act and Commission Regulations.

Unlike previous election cycles, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. **Requests for extensions of time in which to respond will not be considered.** Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action

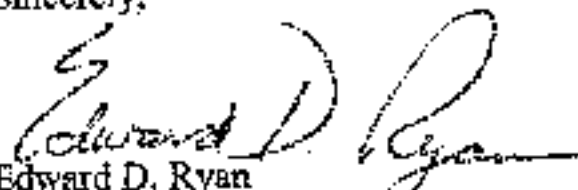
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against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1144.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward D. Ryan". The signature is fluid and cursive, with a large, stylized "E" at the beginning and a long, sweeping underline.

Edward D. Ryan
Campaign Finance Analyst
Reports Analysis Division

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| Contributor Name | Date | Amount |
|--|------------|-----------|
| Amanda Ragan for Iowa House | 05/03/2004 | \$2500.00 |
| Citizens for Schueller | 05/13/2004 | \$250.00 |
| Citizens for Tucker | 05/28/2004 | \$250.00 |
| Committee for David Fry | 05/25/2004 | \$250.00 |
| Committee to Elect Bill Dotzler | 05/03/2004 | \$2500.00 |
| Committee to Elect Tara Van Brederode | 05/07/2004 | \$250.00 |
| Dearden for State Senate | 05/24/2004 | \$2500.00 |
| Friends of Steve Milder | 05/27/2004 | \$250.00 |
| Hart Election Committee | 05/25/2004 | \$250.00 |
| Heck for State Representative | 05/26/2004 | \$250.00 |
| Iowans for Health Care | 05/10/2004 | \$462.50 |
| Jarding for Representative | 05/07/2004 | \$250.00 |
| National Motor Club | 05/12/2004 | \$541.18 |
| Palmer for State Representative | 05/17/2004 | \$250.00 |
| Plumbers and Pipe Fitters Local 125 PEF | 05/19/2004 | \$1250.00 |
| Rielly for Senate Campaign | 05/24/2004 | \$2000.00 |
| Roger Grobstich for State Representative | 05/26/2004 | \$250.00 |
| Scott for House Campaign Fund | 05/03/2004 | \$250.00 |
| Steven Gifford for NW Iowa | 05/24/2004 | \$250.00 |
| Warnstadt for Senate Committee | 05/03/2004 | \$2500.00 |
| Webster County Democrats | 05/21/2004 | \$1200.00 |

